

Revenue Statistics 2019

Tax revenue trends
in the OECD



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Introduction

Revenue Statistics 2019 presents detailed internationally comparable data on tax revenues of OECD countries for all levels of government. The latest edition provides final data on tax revenues in 1965-2017. In addition, provisional estimates of tax revenues in 2018 are included for almost all OECD countries.¹

Box 1 Revenue Statistics in OECD Countries – definitions & classifications

In *Revenue Statistics 2019*, taxes are defined as compulsory, unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government are not normally in proportion to their payments.

In the OECD classification, taxes are classified by the base of the tax:

- Income and profits (heading 1000)
- Compulsory social security contributions paid to general government, which are treated as taxes (heading 2000)

- Payroll and workforce (heading 3000)
- Property (heading 4000)
- Goods and services (heading 5000)
- Other (heading 6000)

Much greater detail on the tax concept, the classification of taxes and the accrual basis of reporting is set out in the OECD Interpretative Guide at Annex A of *Revenue Statistics 2019*.

All of the averages presented in this summary are unweighted.

Tax-to-GDP ratios



TAX RATIOS FOR 2018 (PROVISIONAL DATA)

New OECD data in the annual *Revenue Statistics 2019* publication show that on average, tax revenues as a percentage of GDP (i.e. the tax-to-GDP ratio) was virtually unchanged in 2018, with almost no increase (a change of just under 0.02 p.p. of GDP) relative to 2017. This ends the trend of annual increases observed in the OECD average since the financial crisis in 2009, excluding 2016, which was a special case due to the one-off stability contributions in Iceland in that year.² The small change in 2018 was largely due to the fall of 2.5 percentage points in the tax-to-GDP ratio of one country (the United States, following the reforms described below) (Figure 1). However, due to rounding, the OECD average tax-to-GDP ratio was 34.3% in 2018, compared to 34.2% in 2017 (34.24 % and 34.26%, respectively).

Country tax-to-GDP ratios in 2018 varied considerably (Table 1), both across countries and since 2017. Key observations include:

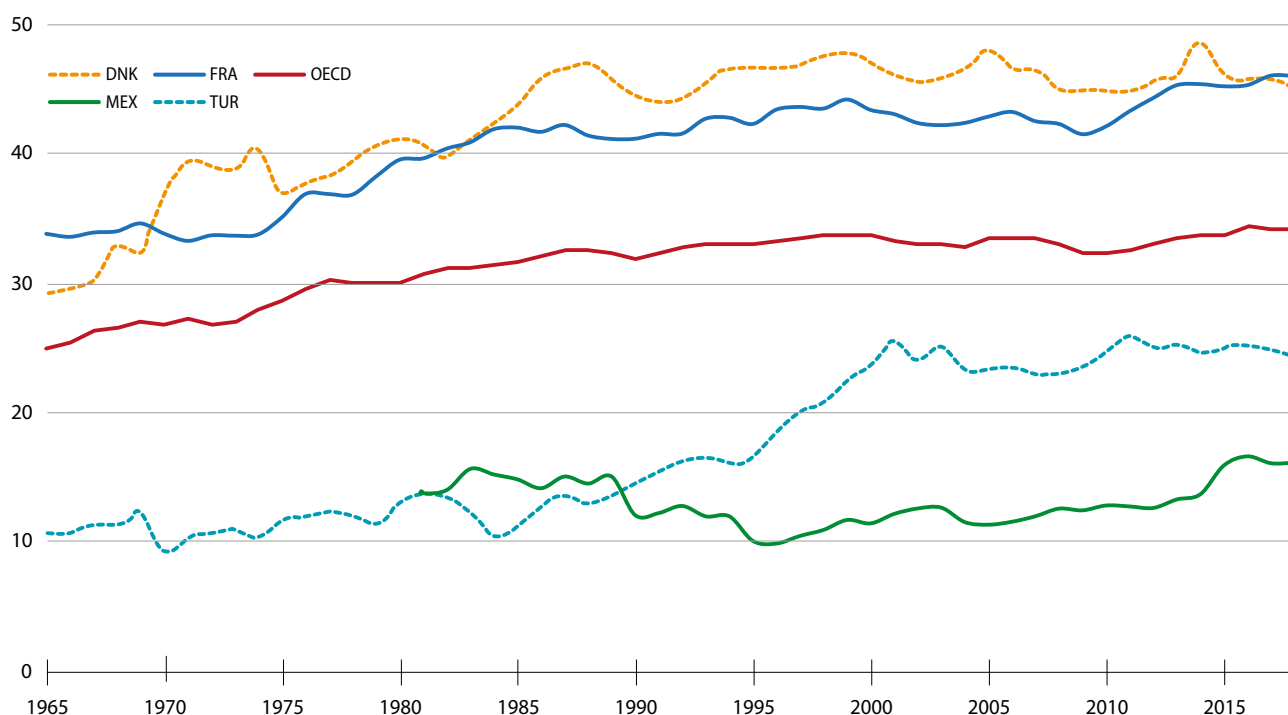
- France had the highest tax-to-GDP ratio in 2018 (46.1%). Denmark, which had the highest tax-to-GDP ratio of OECD countries from 2002 to 2016, had the second-highest tax-to-GDP ratio in 2018 (44.9%). Mexico had the lowest tax-to-GDP ratio (16.1%).
- Of the 34 countries for which data for 2018 are available, the ratio of tax revenues to GDP compared to 2017 rose in 19 and fell in 15.

1. Provisional 2018 figures are not available for Australia and provisional figures on social security contributions in Japan are also not available as at the time *Revenue Statistics 2019* was published.

2. In 2016, Iceland received revenues from one-off stability contributions from entities that previously operated as commercial or savings banks and were concluding operations. The revenue from these contributions led to unusually high tax revenues for a single year and consequently, Iceland's tax-to-GDP ratio rose from 35.4% in 2015 to 50.8% in 2016, before dropping to 37.5% in 2017. This led to an artificial high in the OECD average tax-to-GDP ratio in 2016 of 34.4%. Without these one-off revenues in Iceland, the OECD average tax-to-GDP ratio would have been 34.0%, an increase of 0.2 p.p. relative to 2015.

- Between 2017 and 2018, the largest tax ratio increases were in Korea and Luxembourg at 1.5 p.p. and 1.3 p.p. respectively. In Korea, the rise was due to increases in income taxes (1.1 percentage points, predominantly from corporate tax revenues following the increase in the corporate tax rate from 24.2% in 2017 to 27.5% in 2018), as well as small increases in SSCs and property taxes. In Luxembourg, the increase was predominantly due to higher revenues from income taxes (1.0 percentage points, split between personal and corporate income taxes) and smaller increases in property taxes and VAT. There were no other countries with increases of more than 1 percentage points (Figure 2).
- The largest fall in the tax-to-GDP ratio between 2017 and 2018 was in the United States (2.5 p.p.). The decrease in the United States were due to the tax reforms implemented in the Tax Cuts and Jobs Act, which lowered the corporate tax rate from 38.9% in 2017 to 25.8% in 2018 and also reduced the tax wedge on labour income via reductions to income tax rates and increases in the standard deduction and the child tax credit. These changes lead to a 1.1 percentage point decrease in income taxation (0.5 pp in personal income tax revenues and 0.7 percentage points in corporate income tax revenues). In addition, there was a decrease in property tax revenues of 1.3 percentage points, due to the one-off deemed repatriation tax on foreign earnings under the Tax Cuts and Jobs Act, which increased property tax revenues in 2017.³
- Decreases of over 1 percentage points were also seen in Hungary (1.6 p.p.) and Israel (1.4 p.p.). The decrease in Hungary was due to a reduction in revenues from corporate income taxes (0.9 percentage points) as well as slight reductions in personal income taxes, social security contributions and VAT. Iceland (13.9 percentage points, due to one-off stability contributions in 2016) and Hungary (1.5 percentage points, due to lower revenues from taxes on income and profits and from taxes in goods and services following a package of reforms in 2016). There were no other countries with a decreases of over one percentage point.

Figure 1. Trends in tax-to-GDP ratios, 1965-2018p (as % of GDP)



Notes: Data for 2018 are preliminary. The OECD average in 2018 is calculated by applying the unweighted average percentage change for 2018 in the 34 countries providing data for that year to the overall average tax to GDP ratio in 2017.

The 2016 OECD average tax-to-GDP ratio includes the one-off revenues from stability contributions in Iceland. Without these revenues included, the OECD average tax-to-GDP ratio in 2016 would have been 34.0.

Source: Data from Revenue Statistics 2019, <http://oe.cd/revenue-statistics>

3. In 2017, U.S. taxpayers that had un-repatriated accumulated earnings abroad incurred a tax liability on those earnings due to the new tax law. However, U.S. taxpayers may pay any tax on the deemed repatriations in instalments over eight years so there may be a significant difference in the tax liability in 2017 represented in these figures from the actual receipt of tax revenue.

Table 1. **Summary of key tax revenue ratios in the OECD**

	Tax revenue as % of GDP				Tax revenue as % of total tax revenue in 2017						
	2018 (provisional)	2017	2016	2000	1100 Taxes on income, individuals (PIT)	1200 Taxes on income, corporates (CIT)	2000 social security contributions (SSC)	4000 Taxes on property	5111 Value added taxes	Other consumption taxes (7)	All other taxes (8)
OECD – average (1)	34.3	34.2	34.4	33.8	23.9	9.3	26.0	5.8	20.2	12.2	2.6
Australia	–	28.5	27.6	30.5	40.3	18.5	0.0	10.3	12.2	13.9	4.8
Austria	42.2	41.8	41.9	42.3	21.7	5.9	34.9	1.3	18.3	9.8	8.1
Belgium	44.8	44.5	43.9	43.5	27.2	9.3	30.5	7.9	15.2	9.0	0.9
Canada	33.0	32.8	33.2	34.7	35.7	11.4	14.1	12.0	13.7	9.9	3.2
Chile	21.1	20.1	20.1	18.8	9.7	21.1	7.3	5.4	41.6	13.2	1.8
Czech Republic	35.3	34.9	34.2	32.4	11.5	10.7	43.0	1.4	22.0	10.9	0.5
Denmark (2)	44.9	45.7	45.7	46.9	52.9	7.2	0.1	3.9	20.7	11.1	4.1
Estonia	33.2	32.8	33.5	31.1	17.4	4.7	34.1	0.7	27.8	14.8	0.5
Finland	42.7	43.3	44.0	45.8	29.2	6.3	27.8	3.6	21.0	11.8	0.2
France (2)	46.1	46.1	45.4	43.4	18.6	5.1	36.4	9.5	15.3	9.2	6.0
Germany (3)	38.2	37.6	37.4	36.2	27.1	5.4	37.9	2.7	18.4	7.9	0.6
Greece	38.7	38.9	38.7	33.4	16.0	5.0	29.6	7.9	20.9	18.5	2.1
Hungary	36.6	38.2	39.1	38.5	14.2	5.5	32.1	2.8	24.8	18.2	2.5
Iceland	36.7	37.5	50.8	36.0	38.0	8.2	9.1	5.5	23.8	9.9	5.5
Ireland	22.3	22.5	23.4	30.8	31.2	12.3	17.1	5.7	19.6	12.8	1.3
Israel (4)	31.1	32.5	31.1	34.9	20.7	10.1	16.2	10.0	22.9	11.8	8.4
Italy	42.1	42.1	42.3	40.6	25.7	5.0	30.3	6.2	14.8	13.6	4.4
Japan	–	31.4	30.7	25.8	18.8	11.8	39.9	8.2	13.0	8.0	0.2
Korea	28.4	26.9	26.2	21.5	17.9	14.2	25.7	11.7	16.0	11.8	2.8
Latvia	30.7	31.1	31.2	29.1	21.1	5.1	26.9	3.3	25.7	17.3	0.6
Lithuania (2)	30.3	29.5	29.7	30.8	13.1	5.1	41.5	1.0	26.6	12.0	0.8
Luxembourg	40.1	38.7	37.9	36.9	23.6	13.6	28.6	9.6	15.9	8.4	0.3
Mexico (5)	16.1	16.1	16.6	11.5	21.4	21.8	13.3	1.9	23.1	13.2	5.3
Netherlands	38.8	38.7	38.4	36.9	21.6	8.5	35.7	4.0	17.4	11.7	1.1
New Zealand	32.7	32.1	31.7	32.5	37.8	14.7	0.0	6.0	30.2	8.3	3.1
Norway	39.0	38.8	38.7	41.9	26.5	12.5	26.6	3.3	22.1	8.8	0.1
Poland	35.0	34.1	33.5	32.9	14.6	5.6	37.5	4.0	22.8	14.1	1.3
Portugal	35.4	34.4	34.1	31.1	18.8	9.4	26.8	3.9	25.1	14.9	1.1
Slovak Republic	33.1	33.1	32.3	33.6	10.2	10.4	43.9	1.3	21.1	12.1	1.1
Slovenia	36.4	36.3	36.5	36.6	14.2	4.9	40.0	1.8	22.3	16.3	0.5
Spain (2)	34.4	33.7	33.3	33.2	21.8	6.8	34.0	7.5	19.1	10.2	0.5
Sweden	43.9	44.4	44.2	48.9	29.9	6.3	21.8	2.2	20.9	6.9	11.9
Switzerland (2)	27.9	28.4	27.7	27.6	30.3	10.7	23.6	7.6	12.0	9.1	6.8
Turkey	24.4	24.9	25.3	23.6	14.5	6.8	29.3	4.5	20.1	23.3	1.3
United Kingdom (6)	33.5	33.3	32.7	32.9	27.2	8.5	19.2	12.5	20.7	11.1	0.8
United States	24.3	26.8	25.9	28.3	38.7	6.5	23.0	16.0	0.0	15.7	0.0

– Not available

1. 2018 provisional average calculated by applying the unweighted average percentage change for 2018 in the 34 countries providing data for that year to the overall average tax to GDP ratio in 2017. The 2016 OECD average tax-to-GDP ratio includes the one-off revenues from stability contributions in Iceland.

2. The total tax revenue has been reduced by the amount of any capital transfer that represents uncollected taxes.

3. From 1991 the figures relate to the united Germany.

4. The data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

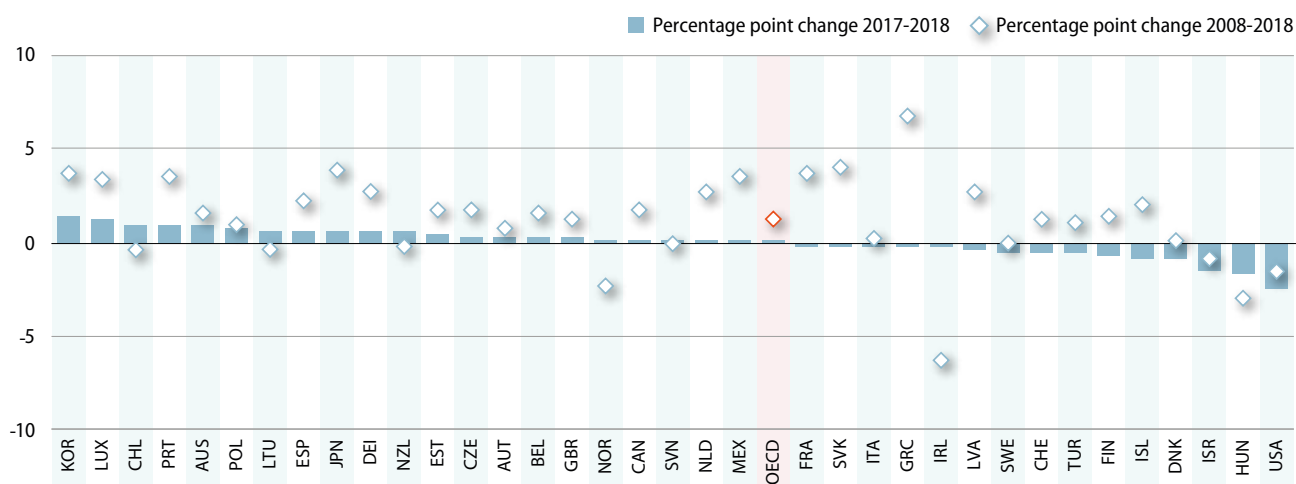
5. 2018 provisional: Secretariat estimate, including expected revenues collected by state and local governments.

6. Corporate income tax revenues for the United Kingdom are based on data provided in July; this was prior to revisions made to the historic Corporation tax data in September, so the revisions are not reflected here. For the latest UK Corporation tax data, please see www.gov.uk/government/statistics/corporation-tax-statistics-2019 the main revisions are explained on page 13 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/833371/Aug19_Receipts_NS_Bulletin_Final.odt.

7. Calculated as 5000 Taxes on goods and services less 5111 Value added taxes.

8. Includes 1300 Unallocable between personal and corporate income tax, 3000 Taxes on payroll and workforce and 6000 Other taxes.

Source: Data from *Revenue Statistics 2019*, <http://oe.cd/revenue-statistics>

Figure 2. **Changes in tax-to-GDP ratios, 2017-18p and 2008-18p (percentage points)**

Note: Preliminary data for 2018 were not available for Australia and Japan. For these countries the comparison shown is 2016-2017 and 2008-2017 data.

Source: Data from Revenue Statistics 2019, <http://oe.cd/revenue-statistics>

Over a longer timeframe, the OECD average tax-to-GDP ratio was higher in 2018 than in 2008, when it was 32.9% of GDP on average.⁴ Across countries, the tax-to-GDP ratio was higher in 2018 than in 2008 in 26 countries. The largest increase was seen in Greece (6.9 percentage points) and increases of over 3 percentage points were also seen in Korea, Luxembourg, Portugal, Mexico, France and the Slovak Republic). Decreases since 2008 were seen in the remaining 10 countries. The largest fall has been in Ireland, from 28.5% in 2008 to 22.3% of GDP in 2018, largely due to the exceptional increase in GDP in 2015. Larger decreases were also seen in Hungary (2.9 percentage points), Norway (2.3) and the United States (1.4) (Figure 2).

Changes in the tax-to-GDP ratio are driven by the relative changes in nominal tax revenues and in nominal GDP. From one year to the next, if tax revenues rise more than GDP (or fall less than GDP) the tax-to-GDP ratio will increase. Conversely, if tax revenues rise less than GDP, or fall further, the tax-to-GDP ratio will go down. Therefore, the tax-to-GDP ratio does not necessarily mean that the amount of tax revenues have increased in nominal, or even real, terms.

In 2018, 19 OECD countries had an increase in their tax-to-GDP ratio relative to 2017. In all of these countries, GDP growth was positive, although to a lesser degree than tax revenue growth. Of the 15 OECD countries that experienced a decline in their tax-to-GDP ratio in 2018, thirteen had higher levels of tax revenues in nominal terms than the preceding year, but the increase in nominal tax revenues was less than the increase in nominal GDP levels. Two countries (the United States and Israel) had positive nominal GDP growth and negative tax revenue growth; no countries experienced declines in nominal GDP (Figure 3). In Figure 3, changes between 2016 and 2017 are shown for Australia and Japan, where the tax-to-GDP ratio is not available in 2018. In both countries, nominal tax revenues grew faster than GDP, leading to increases in the tax-to-GDP ratio.



4. As provisional 2018 figures are not available for Australia and Japan, the change in the tax-to-GDP ratio is calculated between 2007 and 2017.

Figure 3. **Relative changes in nominal tax revenues and nominal GDP, 2017-2018p (% change)**

Note: Data for Australia and Japan show the change between 2016 and 2017, as preliminary data for 2018 were not available. Data for Mexico in 2018 show a Secretariat estimate, including expected revenues collected by state and local governments.

Source: Data from *Revenue Statistics 2019*, <http://oe.cd/revenue-statistics>

Box 2 Methodology: the tax-to-GDP ratio

The tax-to-GDP ratios shown in *Revenue Statistics 2019* express aggregate tax revenues as a percentage of GDP. The value of this ratio depends on its denominator (GDP) as well as its numerator (tax revenue), and that the denominator – GDP – is subject to historical revision.

The numerator (tax revenue)

- For the numerator, the OECD Secretariat uses revenue figures that are submitted annually by correspondents from national Ministries of Finance, Tax Administrations or National Statistics Offices. Although provisional figures for most countries become available with a lag of about six months, finalised data become available with a lag of around one and a half years. Final revenue data for 2017 were received during the period May-August 2019.
- In 33 OECD countries the reporting year coincides with the calendar year. Three countries – Australia, Japan and New Zealand – have different reporting years. Reporting year 2017 includes Q2/2017–Q1/2018 (Japan) and Q3/2017–Q2/2018 (Australia, New Zealand) respectively (Q = quarter).

The denominator (GDP)

- For the denominator, the GDP figures used for *Revenue Statistics 2019* are the most recently available in September 2019. By that time, the 2017 and 2018 GDP figures were available for all OECD countries.
- Using these GDP figures ensures a maximum of consistency and international comparability for the reported tax-to-GDP ratios.
- The GDP figures are based on the OECD Annual National Accounts (ANA – SNA) for the OECD countries where the reporting year is the actual calendar year.
- Where the reporting year differs from the calendar year, the annual GDP estimates are obtained by aggregating quarterly GDP estimates provided by the OECD Statistics Directorate for those quarters corresponding to each country's fiscal (tax) year.

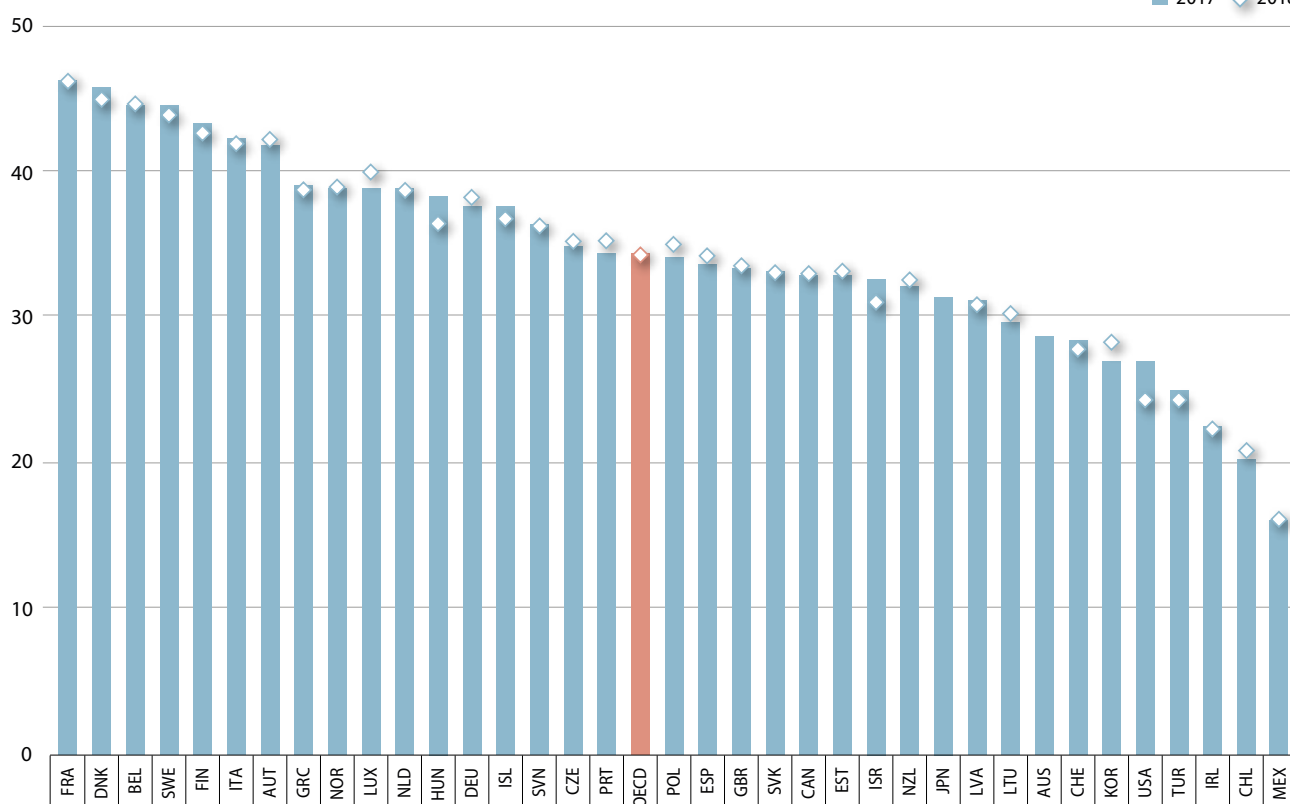
TAX-TO-GDP RATIOS FOR 2017 (FINAL DATA)

The latest year for which tax-to-GDP ratios are based on final revenue data and available for all OECD countries is 2017 (Figure 4). These data show that tax ratios vary considerably across countries:

- In 2017, France had the highest tax-to-GDP ratio (46.1%), followed by Denmark (45.7%). Five other countries also had tax-to-GDP ratios above 40% (Belgium, Sweden, Finland, Italy and Austria).
- Mexico had the lowest ratio at 16.1% followed by Chile (20.1%), Ireland (22.5%) and Turkey (24.9%). No other countries had a tax-to-GDP ratio of less than 25% in 2017, but five other countries had ratios below 30% (the United States, Korea, Switzerland, Australia and Lithuania).
- The tax-to-GDP ratio in the OECD area as a whole (un-weighted average) was 34.2% in 2017. In 2016, it was 34.4% when the impact of the one-off stability contributions in Iceland is included, or 34.0% if calculated without including these one-off contributions.⁵
- Relative to 2016, overall tax ratios rose in 22 OECD member countries and fell in 14.
- The largest increases in the tax-to-GDP ratio were in Israel (1.4 percentage points) and in Australia and the United States (0.9).
- The largest reductions were in Iceland (13.3 percentage points, due to the one-off stability contributions received in 2016), Hungary (1.0) and in Estonia and Ireland (0.8).

Figure 4. Tax-to-GDP ratios, 2017 and 2018p (% of GDP)

■ 2017 ◆ 2018



Notes: Preliminary data for 2018 were not available for Australia and Japan.

Source: Data from Revenue Statistics 2019, <http://oe.cd/revenue-statistics>

5. See footnote 2.

Table 2. **Tax structures in the OECD area, 2016 and 2017 (unweighted average as % of GDP)**

	2016	2017
Total tax revenue	34.4	34.2
1000 Taxes on income, profits and capital gains	11.3	11.6
<i>of which:</i>		
1100 Taxes on income, profits and capital gains of individuals	8.2	8.3
1200 Taxes on income, profits and capital gains of corporates	2.9	3.0
2000 Social security contributions (SSC)	9.1	9.1
3000 Taxes on payroll and workforce	0.4	0.4
4000 Taxes on property	2.3	1.9
5000 Taxes on goods and services	11.0	10.9
<i>of which:</i>		
5111 Value added taxes	6.8	6.8
5121 Excises	2.6	2.5
6000 Other Taxes	0.2	0.1

Source: OECD (2019), "Revenue Statistics: Comparative tables", OECD Tax Statistics (database), DOI: <http://dx.doi.org/10.1787/data-00262-en>.

Between 2016 and 2017, the key changes in the tax-to-GDP ratio were largely driven by increases in revenues from income taxes (0.2 percentage points, evenly split between personal and corporate income taxes). Revenues from social security contributions, taxes on property and taxes on goods and services were unchanged, although within taxes on goods and services, the share of VAT increased slightly and the share of specific goods and services decreased slightly. Revenues from taxes on property decreased by 0.4 percentage points between 2016 and 2017, almost entirely due to the one-off stability contributions in Iceland in 2016.

TAX RATIO CHANGES BETWEEN 1965 AND 2017

Between 1965 and 2017, the average tax-to-GDP ratio in the OECD area increased from 24.9% to 34.2% (an increase of 9.4 percentage points, with the difference due to rounding) (Figure 1).

In 1999 and 2000, the average OECD tax-to-GDP ratio stood at 33.8%, the highest recorded level at that time. It fell back slightly between 2001 and 2004, but then rose again between 2005 and 2007 before falling back following the crisis. Taking these changes together the average tax level in the OECD area increased by 1.2 percentage points between 1995 and 2017 (Figure 1).

The OECD average conceals the great variety in national tax-to-GDP ratios. In 1965, tax-to-GDP ratios in OECD countries ranged from 10.6% in Turkey to 33.7% in France. By 2017 the corresponding range was from 16.1% in Mexico to 46.1% in France. The trend towards higher tax levels over this period reflects the need to finance a significant increase of public sector outlays in almost all OECD countries.

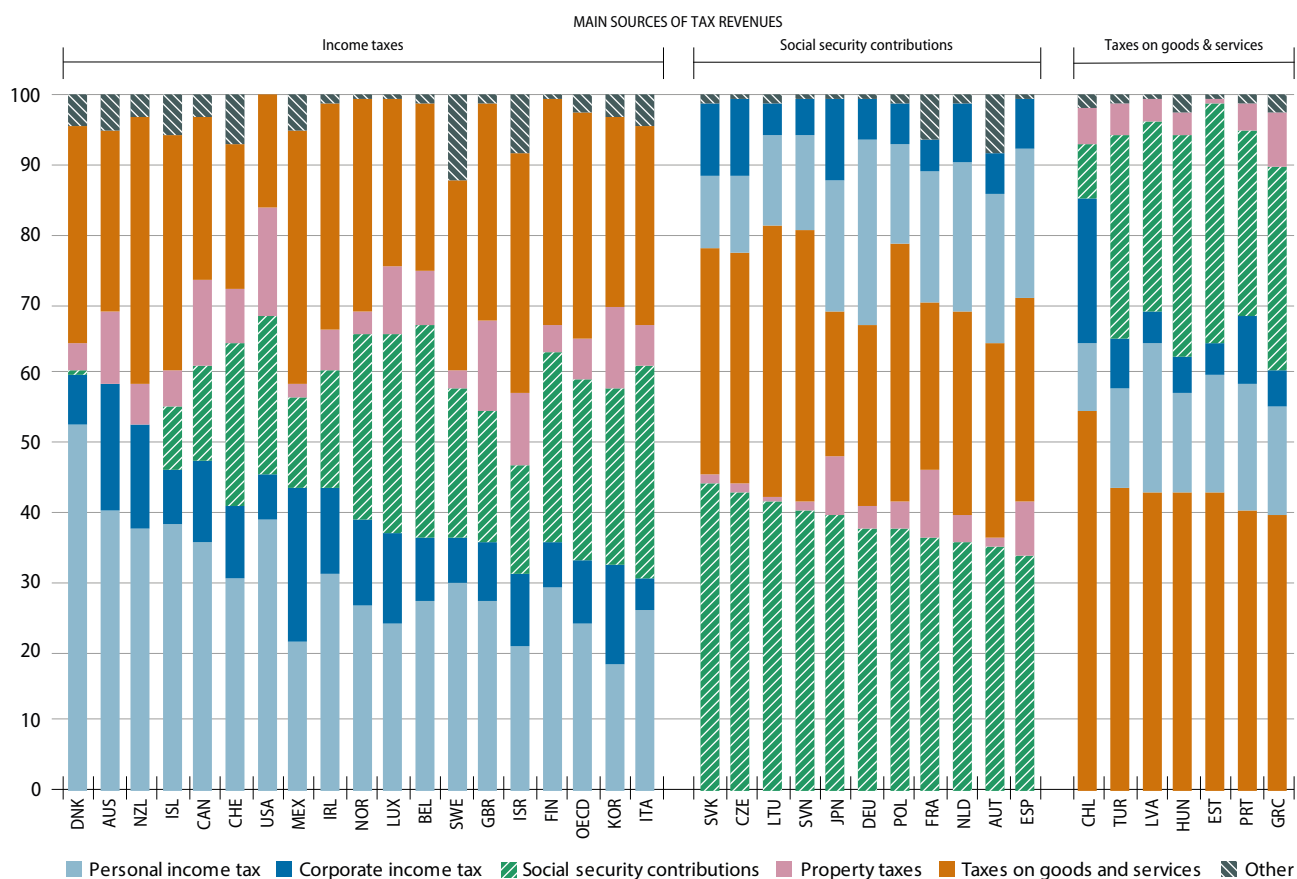
Tax structures



Tax structures are measured by the share of major taxes in total tax revenue. In 2017, the tax structures of OECD countries varied. Eighteen countries raised the largest part of their revenues from income taxes (both corporate and personal), eleven countries raised the largest part of their revenues from SSCs, and seven countries raised the largest part of their revenues from consumption taxes (including VAT). Taxes on property and payroll taxes played a smaller role in the revenue systems of OECD countries in 2017, both on average and within most countries (Figure 5).

While on average tax levels have generally been rising, the tax structure or tax ‘mix’ has been remarkably stable over time. Nevertheless, several trends have emerged up to 2017 – the latest year for which data is available for all 36 OECD countries. These trends are discussed further below.

Figure 5. **Tax structures, 2017 (% of total tax revenue)**



Note: Countries are grouped and ranked by those where income tax revenues (personal and corporate) form the highest share of total tax revenues, followed by those where social security contributions, or taxes on goods and services, form the highest share.

Source: Data from *Revenue Statistics 2019*, <http://oe.cd/revenue-statistics>

TAXES ON INCOME AND PROFITS

On average, in 2017, OECD countries collected 34.0% of their tax revenues through taxes on income and profits (personal and corporate income taxes taken together). Taxes on personal and corporate incomes remain the most important source of revenues used to finance public spending in 18 OECD countries, and in nine of them – Australia, Canada, Denmark, Iceland, Ireland, Mexico, New Zealand, Switzerland and the United States – the share of income taxes in the tax mix in 2017 exceeded 40%.

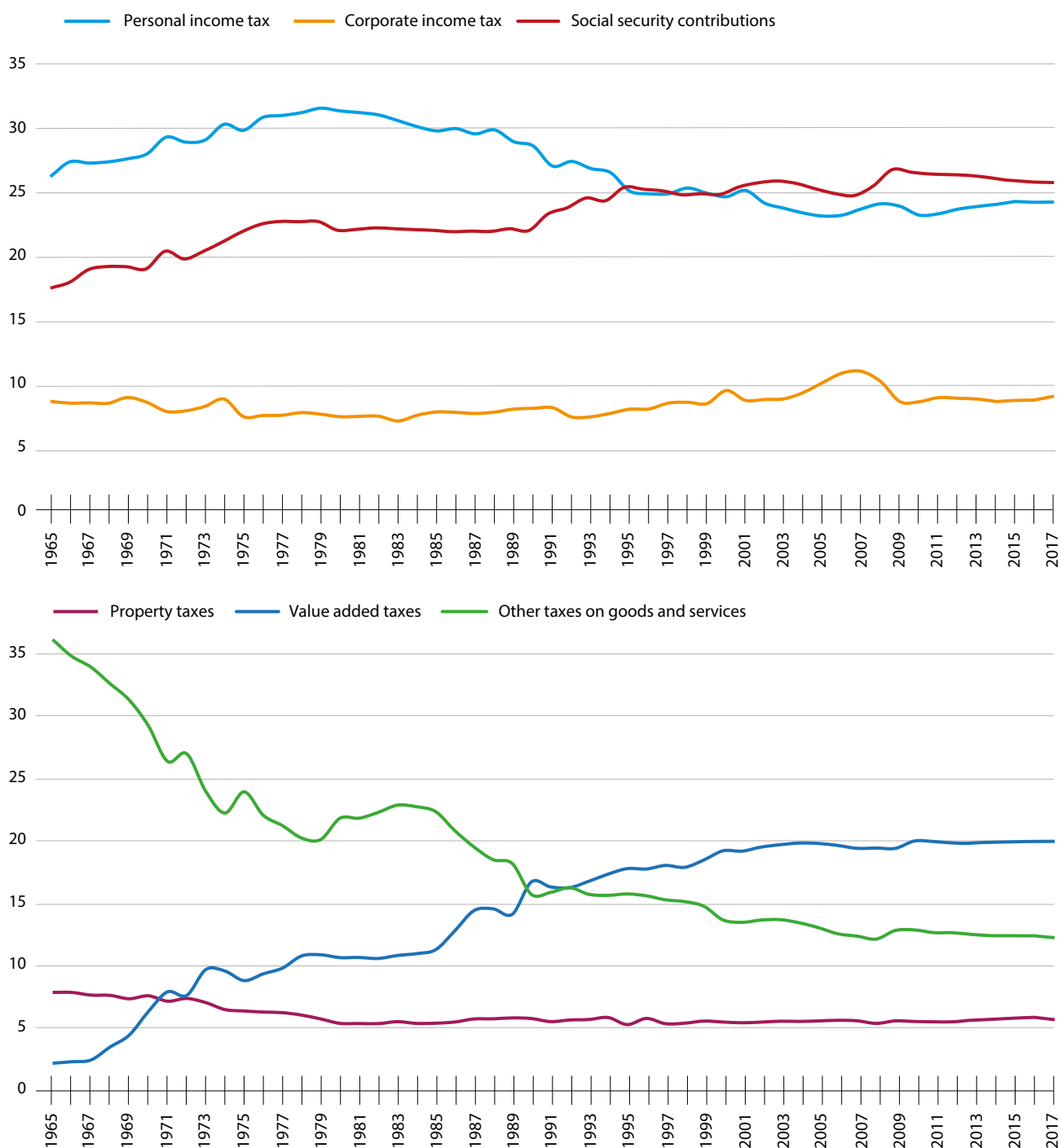
Within taxes on income and profits, the shares of personal and corporate income taxes vary:

- Revenues from personal income taxes are 23.9% of total taxes on average in 2017 compared with around 30% in the 1980s. About two percentage points of this reduction can be attributed to the impact on the average of a number of relatively new entrants to the OECD from Eastern Europe for which tax revenue data is only available from the 1990s onwards. These countries tend to have relatively low personal income tax revenues and high revenues from social security contributions, but this impact is observed in the post 1990 data only.
- The variation in the share of the personal income tax between countries is considerable. In 2017, it ranged from a low of 9.7% in Chile to 40.3% in Australia and 52.9% in Denmark (Figure 5).
- Corporate income tax revenues represented between 7% and 9% of total tax revenues, on average, throughout the period 1965 to 2003. They then increased to a high of 11.1% in 2007, before dropping to 8.6% in 2010, directly after the financial crisis. They remained at between 8.6 and 9.0% of total revenues until 2017, when they increased to 9.3% of total tax revenues, on average.
- The share of the corporate income tax in total tax revenues varied considerably across countries from less than 5% (Estonia, Italy and Slovenia) to 21.8% (Mexico) and 21.1% (Chile) in 2017. Apart from the spread in statutory rates of the corporate income tax, these differences are at least partly explained by institutional and country specific factors, for example:
 - the degree to which firms in a country are incorporated,
 - the breadth of the corporate income tax base, for example some narrowing may occur as a consequence of generous depreciation schemes and of tax incentives,
 - the degree of cyclicalities of the corporate tax system, for which one of the important elements are loss offset provisions,
 - the extent of reliance upon tax revenues from the exploitation of oil and/or mineral deposits, and
 - other instruments to postpone the taxation of earned profits.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions as a share of total tax revenues on average across the OECD accounted for 26.0% in 2017. They were highest in the Slovak Republic and the Czech Republic (43.9% and 43.0%, respectively). In contrast, Australia and New Zealand do not levy social security contributions.

Figure 6. Trends in tax structures, 1965-2017 (% of total tax revenue)



Note: The OECD average tax revenue in 2016 from main categories excludes the one-off revenues from stability contributions in Iceland.

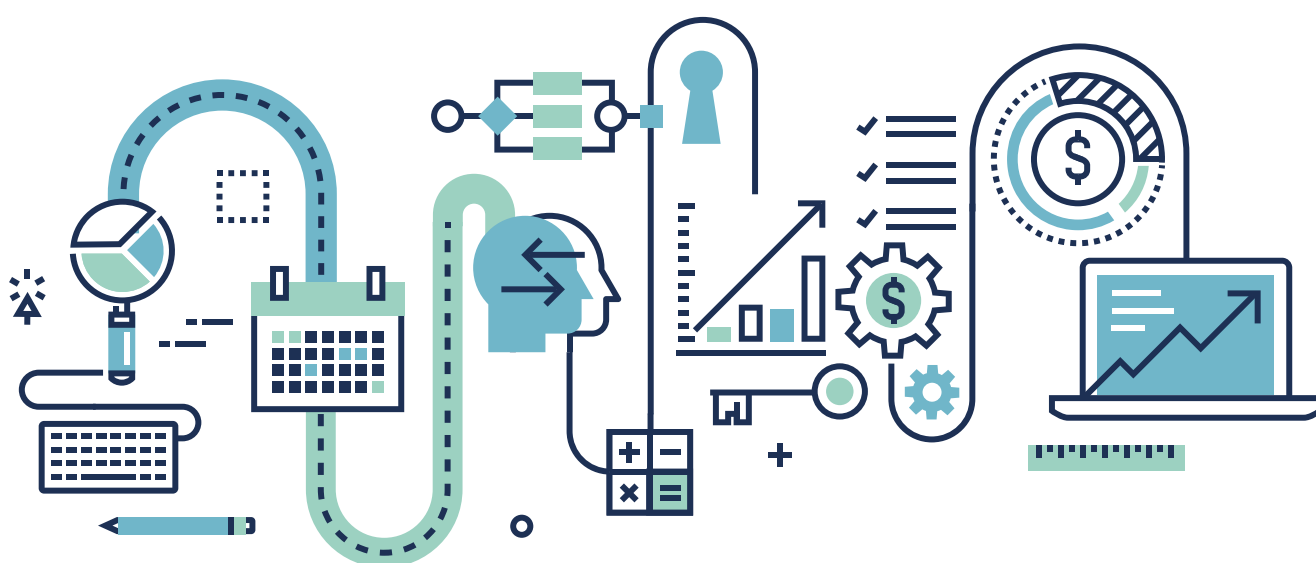
Source: Data from Revenue Statistics 2019, <http://oe.cd/revenue-statistics>

PROPERTY TAXES

Between 1965 and 2017, the share of taxes on property fell from 7.9% to 5.8% of total tax revenues on average across the OECD (Figure 6). The United States had the highest share of property tax revenues in 2017 (16.0% of total revenues), although this was due to the one-off deemed repatriation tax which is recorded in 2017.⁶ Australia, Canada, the United Kingdom and Korea also had property tax revenues that amounted to more than 10% of total tax revenues. By contrast, property taxes accounted for 0.7% of total revenues in Estonia, the lowest of OECD countries and were also less than 2% in six other countries (Austria, Czech Republic, Lithuania, Mexico, Slovenia and the Slovak Republic).

CONSUMPTION TAXES

- The share of taxes on consumption (general consumption taxes plus specific consumption taxes) fell from 38.4% to 32.4% between 1965 and 2017 (Figure 6).
- During this period, the composition of taxes on goods and services has fundamentally changed. A fast-growing revenue source has been general consumption taxes, especially the value-added tax (VAT) which is now imposed in 35 of the 36 OECD countries.⁷
- General consumption taxes presently account for 20.5% of total tax revenue, compared with only 11.9% in the mid-1960s. In 2017, the vast majority of this was from VAT (20.2% of total tax revenues) (Figure 6).
- The substantially increased importance of the value-added tax has served to counteract the diminishing share of specific consumption taxes, such as excises and customs duties.
- Between 1975 and 2017 the share of specific taxes on consumption (mostly on tobacco, alcoholic drinks and fuels, as well as some environment-related taxes) have almost halved from 17.7% to 9.8% of total revenues.
- Rates of taxes on imported goods were considerably reduced across all OECD countries, reflecting a global trend to remove trade barriers.
- Nevertheless, countries such as Estonia, Mexico, Poland, and Slovenia (around 14%) and Turkey (around 22%) still collect a relatively large proportion of their tax revenues through taxes on specific goods and services.



6. See footnote 3.

7. The terms "value added tax" and "VAT" are used to refer to any national tax that embodies the basic features of a value added tax by whatever name or acronym it is known e.g. "Goods and Services Tax" ("GST").

Taxes by level of government



This section discusses the relative share of tax revenues attributed to the various sub-sectors of general government in 2017.

Eight OECD countries have a federal structure. Among these countries, central governments received 53.8% of total revenues in 2017 on average. The second-highest share of revenues on average was received by social security funds, which are a sub-sector of general government, at 21.0% of total revenues, followed by 17.3% at the state level and 7.7% at the local level (Table 3). However, within countries there was considerable variation around these averages:

- In 2017, the share of central government receipts in the eight federal OECD countries varied from 29.5% in Germany to 80.6% in Australia.
- In 2017, the share of the states varied from 1.6% in Austria, 4.1% in Mexico and 10.8% in Belgium to 39.8% in Canada. The share of local government varied from 1.6% in Mexico to 15.3% in Switzerland.
- Between 1975 and 2017 the share of federal government revenues declined by nearly fifteen percentage points in Belgium and to a lesser extent in Canada and Germany.
- The share of federal government revenues increased in Austria and Switzerland by around 15 and 5 percentage points respectively. There was little change in Australia and Mexico.
- Of the seven federal countries with social security funds, five increased the share of revenue between 1975 and 2017. The exceptions were Canada and Mexico, where the share slightly declined between 1975 (1980 for Mexico due to data availability) and 2017.

Spain is classified as a regional rather than a unitary country because of its highly decentralised political structure. In 2017 the share of central government receipts was 41.3% compared with 15.2% for the regional government. Between 1975 and 2017, the share of local government receipts increased from around 4% to 10% and the share of social security funds declined from 47.5% to 33.1%.

The remaining 27 OECD countries have a unitary structure. In these countries, an average of 63.8% of revenues were derived at the central level, with 24.6% accounted for by social security funds. A further 11.2% were raised by local governments. Among unitary OECD countries:

- The share of central government receipts in 2017 varied from 34.2% in France and 36.5% in Switzerland to 93.4% in New Zealand.
- The local government share varied from 0.9% in Estonia to 35.3% in Sweden.
- Between 1975 and 2017 there have been shifts to local government of 5 percentage points or more in 5 countries – France, Italy, Korea, Portugal and Sweden and a smaller increase in the Netherlands. Shifts of 5 percentage points or more in the other direction occurred in three countries – Ireland, Norway and the United Kingdom.⁸
- Between 1975 and 2017, there were increases in the share of social security funds of 7 or more percentage points in 4 countries – Finland, France, Japan and Korea and corresponding decreases in 4 other countries – Italy, Norway, Portugal and Sweden.

8. For 1975, please see table 1.4 of *Revenue Statistics 2019*.

Table 3. **Tax revenues of sub-sectors of general government, 2017 (% of total tax revenue)**

	Supranational	Central government	State or Regional government	Local government	Social Security Funds
Federal countries					
Australia	–	80.6	16.0	3.4	0.0
Austria	0.4	65.8	1.6	3.0	29.2
Belgium	1.0	51.4	10.8	4.9	32.0
Canada	–	40.9	39.8	10.3	9.1
Germany	0.6	29.5	23.5	8.6	37.9
Mexico	–	81.1	4.1	1.6	13.3
Switzerland (2)	–	36.5	24.6	15.3	23.6
United States	–	44.5	18.3	14.2	23.0
<i>Unweighted average</i>	<i>0.7</i>	<i>53.8</i>	<i>17.3</i>	<i>7.7</i>	<i>21.0</i>
Regional country					
Spain (1, 2)	0.7	41.3	15.2	9.7	33.1
Unitary countries					
Chile	–	86.3	–	7.8	5.9
Czech Republic	0.5	55.4	–	1.1	43.0
Denmark (2)	0.3	73.2	–	26.4	0.0
Estonia	0.6	82.0	–	0.9	16.6
Finland	0.3	48.4	–	23.5	27.8
France (2)	0.4	34.2	–	13.3	52.1
Greece	0.5	67.4	–	2.4	29.6
Hungary	0.3	62.4	–	5.8	31.5
Iceland	–	73.5	–	26.5	0.0
Ireland	0.6	82.5	–	2.2	14.7
Israel	–	76.2	–	7.6	16.2
Italy	0.6	53.6	–	15.5	30.3
Japan	–	37.4	–	22.7	39.9
Korea	–	57.0	–	17.3	25.7
Latvia	0.6	53.2	–	19.2	26.9
Lithuania (2)	0.9	56.4	–	1.2	41.5
Luxembourg	0.6	67.5	–	4.1	27.9
Netherlands	1.1	60.2	–	3.0	35.7
New Zealand	–	93.4	–	6.6	0.0
Norway	–	84.1	–	15.9	0.0
Poland	0.5	49.2	–	12.7	37.5
Portugal	0.5	72.9	–	7.1	19.5
Slovak Republic	0.5	55.0	–	1.9	42.5
Slovenia	0.4	50.7	–	9.4	39.6
Sweden	0.3	52.4	–	35.3	12.1
Turkey	–	61.2	–	9.5	29.3
United Kingdom	0.5	75.5	–	4.9	19.2
<i>Unweighted average</i>	<i>0.5</i>	<i>63.8</i>	<i>–</i>	<i>11.2</i>	<i>24.6</i>

– Not available

1. Spain is constitutionally a non-federal country but has a highly decentralised political structure.

2. The total tax revenue has been reduced by the amount of any capital transfer that represents uncollected taxes.

Source: Data from *Revenue Statistics 2019*, <http://oe.cd/revenue-statistics>

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